

## New Homes Bonus funding and Capital Programme for 2018-19 onwards

**1 NEW HOMES BONUS (NHB)**

- 1.1 The Council has received notification of its 2018-19 allocation for NHB of £1,109,065.
- 1.2 The New Homes Bonus was introduced in 2011 to provide a clear incentive for local authorities to encourage housing growth in their areas. It rewards local Councils for additional homes added to the council tax base, including newly built properties and conversions as well as long term empty properties brought back into use, after deducting demolitions.
- 1.3 Following consultation, the Government has implemented reforms to the scheme that sharpen the incentive for housing growth. The length of New Homes Bonus payments has been reduced in length from 6 years to 5 years in 2017-18 and 4 years from 2018-19.
- 1.4 *It can be seen from the Table below that this reduction from 6 years to 5 years has meant the Council has lost £528,750 in New Homes Bonus funding. The Council has repeatedly made the point that the current crisis in funding for Adult Social Care is a national problem which needs new Government money, as opposed to reducing the New Homes Bonus funding to pay for this and therefore further burdening the council taxpayer to fund social care costs.*
- 1.5 From 2017-18 the Government has also introduced a national baseline for housing growth of 0.4%, below which New Homes Bonus has not been paid, which the Government has said reflects a percentage of housing that would have been built anyway (Note - this is higher than the 0.25% set out in the NHB consultation document). The Government will retain the option of making adjustments to the baseline in future years to reflect significant and unexpected housing growth. The net additions for South Hams for 2017/18 was 329 Band D Equivalent properties. The Baseline deducted of 0.4% in 2017/18 equated to not receiving NHB on 176 Band D Equivalent properties, equating to a loss of NHB of £215,000 for each of the next four years.
- 1.6 The Local Government Finance Settlement issued just before Christmas stated that the four years of payments for 2018-19 onwards will apply and the baseline will remain at 0.4%.

1.7 The table shows the NHB received to date and a forecast to 19/20.

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>
	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>	<b>(£)</b>
<b>2011/12</b>	297,567	297,567			
<b>2012/13</b>	528,750	528,750	(this year has dropped off by a reduction to 5 years of payment)		
<b>2013/14</b>	199,701	199,701	199,701		
<b>2014/15</b>	339,307	339,307	339,307		
<b>2015/16</b>	328,208	328,208	328,208	328,208	
<b>2016/17</b>		386,375	386,375	386,375	386,375
<b>2017/18</b>			194,734	194,734	194,734
<b>2018/19</b>				199,749	199,749
<b>2019/20</b>					200,000
<b>NHB Received/ Forecast</b>	<b>1,693,533 Actual received</b>	<b>2,079,908 Actual received</b>	<b>1,448,325 Actual received</b>	<b>1,109,065 Allocation</b>	<b>980,858 Forecast</b>

1.8 The table below shows estimated amounts of NHB receivable in future years and possible uses of the NHB for Members' views:-

	<b>2017-18</b> <b>(£)</b>	<b>2018-19</b> <b>(£)</b>	<b>2019-20</b> <b>(£)</b>
<b>Predicted NHB amount</b>	<b>1,448,325</b> <b>(actual rec'd)</b>	<b>1,109,065</b>	<b>980,858</b>
Capital Projects (£417,700 in 18/19 as per Table 2.2 below)	507,000	417,700	400,000 (estimate)
Community Reinvestment Projects	153,900	153,900	153,900
To fund the Revenue Base Budget	549,581	500,000	500,000
Transfer of land to Dartmouth Town Council	81,000	49,000	17,000
Joint Local Plan	50,000	-	-
Community Grants (CAB Outreach worker)	10,000	10,000	10,000
Dartmoor National Park Allocation	3,060	TBA	TBA
<b>Funding remaining unallocated (note 1)</b>	<b>93,784</b> <b>Remaining unallocated</b>	<b>Shortfall</b> <b>(21,535 plus amount paid to DNPA) – an amount will be used from the £93K unallocated in 17/18</b>	<b>Shortfall</b> <b>(100,042 plus amount paid to DNPA)</b>

Dartmoor National Park (DNP) – On an annual basis Dartmoor National Park request a share of the New Homes Bonus to reflect new homes delivered within the park. The money is used to support a local community fund and joint work through the rural housing enabler. Members consider this on an annual basis.

## 2. CAPITAL PROGRAMME FOR 2018-19 FINANCIAL YEAR

- 2.1 There was a separate report on the 7<sup>th</sup> December Executive agenda (Item 9) for the proposed Capital Programme for 2018/19 of £2,555,000.
- 2.2 The report set out that there are Capital bids shown in Appendix A totalling £1,200,000, plus further bids in the exempt Appendix B of £1,355,000. Funding of £2,555,000 is therefore required. The table below shows the recommended way that these projects are financed:-

<b>Capital Programme 2017/18</b> <i>Appendix A (£1,200,000) and Appendix B bids (£1,355,000)</i>	<b>£</b> <b>2,555,000</b>
<b>Funded By:</b>	
Capital Programme Earmarked Reserve	326,300
Current capital receipts	481,000
Anticipated future capital receipts	630,000
Better Care Grant (Government grant) funding towards Disabled Facilities Grants (estimated)	700,000
New Homes Bonus (see table in section 1.8 of this Appendix)	417,700
<b>TOTAL</b>	<b>2,555,000</b>